

Before The
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

TRANSFERRING SELECTED POST OFFICE BOX SERVICE
LOCATIONS TO THE COMPETITIVE PRODUCT LIST

Docket No. MC2011-25

RESPONSE OF UNITED STATES POSTAL SERVICE TO
COMMISSION INFORMATION REQUEST NO. 1
(July 24, 2014)

The United States Postal Service hereby provides its responses to Commission Information Request No. 1, issued July 17, 2014. The questions are restated verbatim, and are followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1. In the statement of supporting justification accompanying the Request, the Postal Service explained that it identified Post Office Box Service locations that serve customers who have access to private mail boxes (PMBs) within five miles of their residences as facing direct competition from such PMBs such that the Postal Service's ability to raise prices significantly is constrained. Request, Attachment B at 5. In the recently filed Federal Register Notice, the Postal Service indicates that it is expanding competitive service to approximately 1,625 additional locations.
 - a. In identifying these approximately 1,625 additional locations, please confirm that the Postal Service continues to apply the criterion that it previously described, *i.e.*, identifying Post Office Box Service locations that serve customers who have access to PMBs within five miles of their residences?
 - b. If not confirmed, please
 - (i) explain what criteria the Postal Service is using to identify the approximately 1,625 additional locations and why the Postal Service is using the alternative criteria, and
 - (ii) explain why the Postal Service has not filed a request with the Commission pursuant to 39 C.F.R. § 3020.30 *et seq.*

RESPONSE:

- a. Confirmed
- b. Not applicable

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2. In the statement of supporting justification accompanying the Request, the Postal Service describes the process by which it identified competitive Post Office Box locations as using a contractor to develop a list of PMBs, mapping the population residing within five miles of each PMB, and compiling a list of post office locations that serve those populations. Request, Attachment B at 5.
 - a. Please describe the process by which the Postal Service identified the approximately 1,625 additional locations.
 - b. Please explain how the Postal Service took account of changes in PMB numbers and locations in the time between the Postal Service's initial effort to identify competitive locations and the present.
 - c. Please confirm that each of the approximately 1,625 additional locations satisfies the five mile criterion.

RESPONSE:

- a. In a collaborative effort, the Postal Service worked with the U.S. Postal Service Office of Inspector General (OIG) to identify which locations currently classified as Market Dominant meet the criteria established in this docket for transfer to Competitive Post Office Box service. The OIG used the Postal Service's Address Management System (AMS) and GPS software to identify those Market-Dominant locations which serve customers who are located within 5 miles of a private mailbox (PMB) provider. In 2011, the Postal Service used a list of PMB locations which a private consultant developed through its own research.

The OIG analysis identified over 1700 locations, including Puerto Rican locations, which were omitted from the 2011 analysis. These locations were adjusted following Postal Service Headquarters and field review.

- b. The focus of the new analysis was to redo the 2011 analysis using improved data, rather than to capture changes that occurred in PMB providers since

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2011. The Postal Service has not analyzed whether the PMB locations identified by the OIG were operating in 2011.

c. Confirmed.

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3. In the statement of supporting justification accompanying the Request, the Postal Service indicates that some locations that meet the five mile criterion will nonetheless remain market dominant based on constraints to access or a small customer base. Request, Attachment B at 10. The Postal Service explains that it has made the business decision not to transfer locations with less than 250 boxes to competitive fees due to the “small customer base.” *Id.* at n.14. The criterion of 250 or fewer P.O. Box Service customers is not included in the Mail Classification Schedule, which refers to a “small customer base” without a specific definition.
- a. Please confirm that the Postal Service, in transferring the approximately 1,625 additional locations, continues to exclude locations with less than 250 boxes due to the “small customer base” and locations with access constraints.
 - b. If not confirmed, please
 - (i) describe the criteria that the Postal Service employs in determining which locations that meet the five mile criterion will nonetheless remain market dominant, and
 - (ii) explain why the Postal Service has not filed a request with the Commission pursuant to 39 C.F.R. § 3020.30 *et seq.*

RESPONSE:

- a. Confirmed.
- b. Not applicable.